

The Research Review®

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House members will pore through documents detailing departmental budgets as hearings continue through the middle of April. (See page 14.)

BUDGET HEARINGS SCHEDULED FOR NEXT WEEK:

TUESDAY MARCH 25TH

COMPTROLLER
TREASURY

WEDNESDAY, MARCH 26TH

MILITARY
ADMINISTRATIVE OFFICE OF THE COURTS
ATTORNEY GENERAL & REPORTER
DISTRICT ATTORNEYS GENERAL
PUBLIC DEFENDERS

THURSDAY, MARCH 27TH

AGRICULTURE
TRANSPORTATION
TN HOUSING DEVELOPMENT AGENCY
TOURIST DEVELOPMENT

*Summaries of recent budget hearings
follow this week's committee reports.*

Agriculture

Matt Barnes

The **Agriculture Committee** addressed one bill in its Tuesday, March 18 meeting. **HB 1570** (Davidson) enacts model language to aid enforcement of the Tennessee Tobacco Manufacturer's Escrow Fund Act. The bill requires every tobacco product manufacturer whose cigarettes are sold in this state to certify to the Commissioner of Revenue and Attorney General that it is either 1) a participating member in the tobacco master settlement agreement or 2) a non-participating manufacturer that will comply with certain escrow fund requirements. The bill was temporarily taken off notice to address some clarification concerns with the Attorney General.



*Chairman Davidson
and Vice Chair Bone*

In other business before the committee, Rep. Fowlkes introduced John Merritt as the "Orville Redenbacher of Tennessee." Hailing from Giles County as a fourth-generation farmer, Mr. Merritt gave members of the committee packets of his Merritt-Pop microwave popcorn, the same popcorn he supplies Dollywood. His "Tennessee Popcorn," which incidentally comes in a bright orange package, has proven popular in East Tennessee. His team-neutral popcorn, however, sells over the Internet in 25- and 50-pound bags to buyers as far away as Italy, Australia and France. A 50-pound bag will yield approximately 13 five-gallon buckets full of popcorn, according to Mr. Merritt, 3,000 pounds being the normal yield per acre. Unable to state with any certainty a figure for cost per acre because farmers use different equipment, methods, fertilizers, etc., Mr. Merritt claimed the average yield would be around \$400 per acre. Visit www.merrittpop.com for more information.

George McGrath, Chairman of the Tennessee Forestry Commission, also gave a presentation for the committee. After introducing the other members of the Commission, he presented its 2002 Annual Report, which details the responsibilities, accomplishments and major activities of the Commission. Mr. McGrath

claimed safety as the Commission's #1 concern, adding that communication equipment is sorely needed because there are areas across the state where equipment is either not available or obsolete. As more and more people build homes in remote wooded areas, having plenty of up-to-date equipment becomes ever more crucial, according to Mr. McGrath.

Children & Family Affairs

Shannon Romain

The **Children and Family Affairs Committee and the Family Justice Subcommittee** met on Tuesday, March 18.



*Reps. Brown, Brooks, Vaughn, Shaw
and Bowers in Children & Family.*

The Full Committee

There was one bill on the **full committee's** calendar. **HB 0567** (Rep. Montgomery) was deferred one week. The bill authorizes and clarifies that former members of quarterly county courts, as well as past and present county commissioners may solemnize marriages. Following action on the bill, personnel from the Department of Children's Services testified on the agency's Juvenile Justice Services.

Family Justice Subcommittee

In the **Family Justice Subcommittee**, three bills were referred to the full committee. **HB 1316** (Rep. Turner, Hamilton) requires prospective kinship foster parents to provide fingerprints and criminal history background checks prior to taking custody of foster children. The Tennessee and Federal Bureaus of Investigation will conduct the checks. According to a TBI spokesperson, the legislation is necessary because federal law requires background checks on kinship foster parents. Currently, Tennessee has no legal mechanism to require such background checks and is in noncompliance with federal law.

The background checks are not expected to have any significant fiscal impact. Each check costs

approximately \$56 and will be paid by the prospective foster parent.

Also, **HB 0448** (Rep. Bowers) and **HB 1732** (Rep. Garret) were referred to the full committee. An amendment was introduced to **HB 0448** that rewrites the bill. If adopted, the legislation will give persons in the relative caregiver pilot program legal standing in court to petition for the termination of parental rights and the opportunity to become prospective adoptive parents. **HB 1732** will authorize juvenile court clerks to solemnize marriages.

Domestic Relations Subcommittee

The **Domestic Relations Subcommittee** met on Wednesday, March 19. All bills on the calendar were deferred to future dates for further discussion.

Conservation & Environment

Greg E. Adkins

The Full Committee

The **Environment Committee** met on Tuesday, March 18, 2003 and considered one bill. **HB 1048** by Rep. McCord passed to C&R; the bill authorizes TWRA to permit licensed trappers to release small game animals in counties contiguous to the counties where the animals were trapped.

Wildlife Subcommittee

The **Wildlife Subcommittee** met on March 18, 2003 and considered one bill. **HB 1796** by Rep. Walker passed to full committee with an amendment. The amended bill would authorize the use of snare traps in Bledsoe County. The amendment actually names Bledsoe County instead of referring to the population of the county. (The snare trap is generally used to trap coyotes.)

Parks & Tourism Subcommittee

The **Parks & Tourism Subcommittee** didn't meet the week of March 17th.

Environment Subcommittee

The **Environment Subcommittee** met on Tuesday, March 18, 2003 and considered one bill. **HB 1032** by Rep. Rinks passed to full committee; the bill adds

Benton, Decatur, and Hardin counties to the West Tennessee River Basin Authority and clarifies that the term for each board member of the authority be increased to six years (the current term is four years).

Commerce

Matt Barnes

The Full Committee

The **Commerce Committee** addressed five bills in its Tuesday, March 18 meeting. **HB 1303** (West) requires certain bedding sold in Tennessee to have tags securely and permanently attached onto them for consumer protection purposes. It was explained that companies in the Northeast allow purchasers of bedding to keep the bedding for a considerable length of time and bring it back, later to be sold in this state as new bedding. Under this bill, a white cloth tag that accurately describes the materials used would be attached to each new article of bedding, while any secondhand materials would contain the same white cloth tag in addition to a yellow cloth tag that indicates the materials are secondhand. Amendment No. 1 lowers the penalty for knowingly violating the provisions of this bill from a Class B to a Class C misdemeanor. Amendment No. 2 requires the tags to include the Spanish translation. The bill passed as amended to Calendar and Rules.

HB 1283 (Odom) requires the buyer of real property to obtain a wood destroying infestation report ("termite letter") before purchasing the property, as opposed to current law that requires the *seller* to obtain the letter. After several questions were raised regarding the applicability of this bill to auctioned property, the bill was rolled one week to determine how best to proceed.

HB 228 (Hackworth) allows local education agency vocational students to construct on campus and sell one modular building per year, thus exempting them from the Modular Building Act. An amendment to the bill clarifies that one residential modular building *per school* per school year may be constructed. The bill passed as amended to Calendar and Rules.

HB 1771 (Shepard) requires HMOs that provide utilization review services for mental health and chemical dependency care for their enrollees to comply with the part of the Code that covers such services. An amendment to the bill corrects a

reference to the Code and excludes utilization review services provided to TennCare enrollees. The bill passed on to Calendar and Rules as amended.

HB 0758 (Hargrove), a bill relative to trade practices in the insurance industry, was rolled for one week.

Industrial Impact Subcommittee

The **Industrial Impact Subcommittee** met Tuesday, March 18 with one bill on the calendar. **HB 1273** (Curtiss) makes changes to the prompt payment statute. It allows an HMO to send a healthcare provider a written or electronic notice that a claim has been paid or denied either partially or totally. Present law states if a provider is notified that a claim is partially or totally denied, the provider may submit the claim to an independent reviewer. This bill would allow the provider to submit the claim to an independent reviewer if no notice is received within 60 calendar days of the HMO's receipt of the claim. Further, under present law the mere fact that a claim is not paid does not create a common substantive question of fact or law; this bill holds otherwise and was passed to full committee.

Utilities and Banking Subcommittee

The **Utilities and Banking Subcommittee** met Tuesday, March 18 to address **HB 1250** (McMillan). This bill changes the title of Tennessee Regulatory Authority "Director" to Tennessee Regulatory Authority "Commissioner" and directs the Tennessee Code Commission to make all necessary changes to the Code. The bill passed to full committee.

Small Business Subcommittee

The **Small Business Subcommittee** had no bills on notice and did not meet.

Consumer & Employee Affairs

Shannon Romain

The Full Committee

The **Consumer And Employee Affairs Committee** met on Wednesday, March 19. Two bills on the calendar were referred to Calendar and Rules. **HB 0538** (Rep. Overbey) prohibits employers from terminating employees who are volunteer firefighters and are late or miss work in order to respond to an emergency. If enacted, volunteer firefighters who are terminated in violation of the statute will have a one

year statute of limitation in which to bring a civil suit. The bill specifies a variety of damages available to a claimant.

The bill also guarantees employers some protection. An employer is authorized to request a written statement of the reason for the absence from the employee's fire department supervisor. The employer is also authorized to charge the absence against the employee's regular pay.

HB 1344 (Chairman West) revises the Tennessee Lemon Law. As amended, the legislation gives out-of-state residents who purchase vehicles in Tennessee, but register them in other states that have similar registration laws, full rights and benefits under the Tennessee Lemon Law.

Consumer Affairs Subcommittee

In the **Consumer Affairs Subcommittee**, **HB 1945** (Rep. Hargrove) was referred to the full committee. The bill was brought at the request of the State Treasurer and will save the state approximately \$45,000 per year in custodial expenses. It requires stocks turned over to the state as unclaimed property to be sold within twelve months. Stocks with a market value of less than \$500 may be sold immediately and the state would not be required to advertise the sale. The treasury will hold the proceeds from the sale of the stocks in perpetuity for any future claimants, however, all interest earned on the proceeds while in the state's custody would be retained by the state and deposited in the general fund. Under current law, any person who proves a legitimate interest in the stocks could receive either the stocks or the proceeds from the sale of the stocks. Under this bill, a claimant would only be entitled to receive the proceeds.

HB 0165 (Rep. Turner, Shelby), another bill that revises the Tennessee Lemon Law, was taken off notice.

Employee Affairs Subcommittee

The **Employee Affairs Subcommittee** did not meet this week.

Education

Pam Mason

The Full Committee

The full committee took the following actions.

HB 454* - (Turner, L.) requires LEA's to provide premium reimbursements for retired teachers in medical insurance plans.

HB 548* - (McKee) establishes an extended year reading program, for students below grade level in K-3, by the local board of education.

HB 590* - (Todd) authorizes LEA's to take action against any responsible party who fraudulently enrolls an out-of-district student.

***These bills were taken off notice in full committee due to the fiscal note. They will be rescheduled at a later date to address this issue.**

Referred to Calendar and Rules:

HB 891 - (Cooper) requires the Commissioner of Education to establish guidelines for mold abatement in public schools. The bill also creates a nine-member task force to study and report its findings to the House and Senate Education Committees.

Referred to Finance, Ways and Means:

HJR 75 - (Maddox) creates a joint study committee to review Tennessee Board of Education rules and regulations regarding intellectually gifted students. An amendment was adopted stating that no members serving shall receive compensation or travel reimbursement.

HJR 61 - (West) names the Administration Building at the Tennessee School for the Blind "The Ralph A. Brewer Administration Building."

Following consideration of the calendar, Dr. Douglas Wood, Executive Director of the State Board of Education, addressed the committee on Early Childhood Education. In addition, Jerry Winters, TEA, and Steve Smith, TSBA, added their organizations' support for addressing this issue.

K-12 Subcommittee

The Subcommittee met on Tuesday and took the following actions.

Recommended to full committee:

HB 455 - (Turner, L.) requires one member of the State Board of Education be a K-12 public school teacher. It does not increase the size of the board.

HB 895 - (Cooper) allows LEA's to apply for special hardship grants from the State Board of Education for employment of additional school social workers.

HB 1665 - (Brooks, Henri) creates the Inner City Educational Enhancement Pilot Project for a municipal system having the greatest number of schools placed on notice or probation.

HB 482* - (Winningham) provides insurance for non-certified LEA employees.

HB 487* - (Winningham) would increase the state paid portion of insurance premiums for active and retired teachers.

HB 592* - (Winningham) removes requirement that teachers be retired to one year before eligible for re-employment and retention of pension benefits.

Deferred for one week:

HB 252 (Stanley)

HB 995 (Winningham)

Higher Ed Subcommittee

Two bills were recommended to full committee:

HB 483* - (Winningham) allows children of retired teachers, up to age 24, to receive 25 percent higher education tuition discount.

HB 180* - (Stanley) allows children of a parent employed as a teacher's aide to receive 25 percent higher education discount.

HB 479 (McDonald) was taken off notice

***These bills, although recommended to full committee, will be held in a special subcommittee until such time as the sponsors of the legislation make a proposal addressing the fiscal note of the bill.**

Members of this special subcommittee are: Representatives Winningham; Brown; Towns; Hagood; and Montgomery.



Chairman Winningham and Rep. Montgomery

Finance Committee, next page

Finance, Ways & Means

Cathy Higgins

House Finance, Ways and Means Committee **Tuesday, March 18, 2003**

The full committee met to discuss four bills on calendar this week, including the one bill on consent. House Bill 0778 by Rep. Casada was rolled one week. The remaining bills were referred to Calendar and Rules.

- **HB 0887** by Rep. Briley maintains the local option tax exemption for the customers of the Metro Thermal Plant.
- **HJR 0082** by Rep. Bowers is a resolution from the National Conference of State Legislatures that requests President Bush and the U.S. Congress institute economic incentives, including a short-term economic growth package, to assist states in recovering from the recent economic downturn.
- **HB 0863** by Rep. McDaniel places a highway sign to honor Jim W. Ayers in Decatur County.

Treasurer Steve Adams appeared before the committee to discuss treasurer's earnings, TCRS investment, property insurance, the claims award fund, unclaimed property and the BEST program. Due to time constraints, Mr. Adams was only able to discuss treasurer's earnings and TCRS investment; however, he will return next Tuesday, March 25th, to finish his presentation.



Treasurer Steve Adams

Treasurer's earnings have fallen off due to extremely low investment earning rates. In fiscal year 2001-02 the average earning rate was 2.67 percent, for fiscal year 2003-04 it is estimated at 1.50 percent. Members of the committee reflected on the times when the earnings rate was close to 18 percent.

As a result of the lower rates, the amount of treasurer's earnings has declined. In fiscal year 2001-02, earnings were \$33.8 million. For the current fiscal year, earnings are estimated at \$12.5 million.

Projected earnings for fiscal year 2003-04 are \$10 million.

The Tennessee Consolidated Retirement System (TCRS) is on a two-year actuarial review. This review does not come up until June 30, 2003. However, Mr. Adams wanted the members to be aware of the potential unfunded liability the pension fund has due to investment performance for the year-end June 30, 2002. Mr. Adams noted that TCRS' investment performance was the second best in the nation for the period ending June 30, 2002 (Pension and Investment Magazine). However, though it rated second in the nation, investment performance was negative.

The TCRS investment performance was negative 1.92 percent. The earning assumption is 7.5 percent. This result on investment income is a loss of \$3.4 billion. As a point of reference, the national benchmark measurement for public plans was negative 5.15 percent. Due to the difference in actual investment performance and earnings assumption the unfunded liability to the TCRS fund is \$190 million, which has to be funded annually for the next 20 years to cover the loss of the \$3.4 billion in investment income. Mr. Adams noted that this is not a critical time for the pension fund; however, \$190 million is significant in that the state is facing unprecedented budgetary constraints.

Budget Subcommittee **Wednesday, March 19, 2003**

Budget Sub had 10 bills on calendar this week. Several bills were rolled to future calendars at the request of the sponsors. House Bill 0286 by Rep. McDonald exempting audiologists and speech pathologists from the professional privilege tax was taken off notice.

The remaining bills were referred to full committee.

- **HB 0790** by Rep. West will permit any municipality with two-thirds vote of their local legislative body to pay the professional privilege tax for its employees. Currently, the Code provides for only Davidson County and quasi-governmental entities to pay the professional privilege tax for their employees.
- **HB 0251** by Rep. Casada exempts bee hobbyists who sell less than 150 gallons of honey per year from regulations applicable to other retail food stores.

- **HB 0744** by Rep. Fowlkes re-designates the chief executive officer of each county from "county executive" to "county mayor." The intent of the bill is to create uniformity across the state regarding the designation for a county chief executive officer.
- **HB 0900** by Rep. Head, from the Transportation Committee, authorizes, but does not mandate the Transportation Commissioner to reimburse utility companies for the cost of utility relocation due to a road project. The cost will be included in the construction project and this legislation will apply to federal and state highways. The Department of Transportation indicates that this cost will be included in the project costs as projects are advertised and bid.

Government Operations

Brian Zuzenak

The **Government Operations** committee met at 10:30 on Tuesday to consider eleven pieces of legislation.



Chairman Kernell

- **HB 0974** (Bowers) was referred to Health. It requires the Department of Mental Health and Developmental Disabilities to establish continuum of essential behavioral health services.
- **HB 0563** (Brooks) was referred to the State & Local Government Committee as amended. It requires contractors with state contracts to verify that the contractor has searched records of the company regarding profits derived from slavery. An amendment applies the bill to insurance companies pursuant to Title 56, Chapter 2, Part 1.
- **HB 0303** (McMillan) was referred to the Education Committee. It requires incoming college students who live in on-campus housing to be vaccinated against meningococcal disease or to sign a waiver.
- **HB 1507** (Kernell) was referred to the Calendar and Rules Committee. It extends the sunset on the

Carroll County watershed authority to June 30, 2009.

- **HB 1544** (Kernell) was referred to the Calendar and Rules Committee. It extends the sunset on the Gibson county water projects authority to June 30, 2009.
- **HB 1523** (Kernell) was referred to the Calendar and Rules Committee. It extends the sunset on the Interstate library compact to June 30, 2009.

HB 0197, HB 0032, HB 0199, HB 1456, and HB 1542 were taken off notice.

Health & Human Resources

Judy Narramore

The Full Committee

The **Health & Human Resources Committee** met at noon on Tuesday with four bills on the calendar. **HB 1342** by Rep. Hargrove was referred to Calendar & Rules. As amended, HB 1342 authorizes the Commissioner of Health to promulgate public necessity rules to request a waiver of the foreign residence requirement with respect to an alien who agrees to practice medicine in a federally-designated underserved area of the state in accordance with the requirements of the Immigration and Nationality Technical Corrections Act of 1994. The amended bill also allows the Commissioner to determine and establish by public necessity rules the types and numbers of primary care and specialty providers, as well as the priority areas of the state for placement of alien providers. **HB 0593** by Rep. Bowers concerning services provided by the Department of Mental Health and Developmental Disabilities to individuals with mental retardation and developmental disabilities was discussed briefly by the sponsor prior to testimony from two families supporting the legislation. Rep. Bowers asked to roll the bill three weeks due to the large fiscal note. **HB 0913** by Rep. Hargett, which makes three changes to current law regarding the Board of Optometry, i.e., requires optometry applicants



Rep. Hargett

to graduate from a school approved by the Board, revises conflict of interest provision for Board members, and increases Board members' per diem from \$50 to \$100, was discussed and ultimately rolled one week by Rep. Hargett due to committee concerns with raising the per diem. **HB 0257** by Rep. Shepard, which requires a qualified nurse wanting a certificate to practice as an advanced practice nurse to apply to the Board of Nursing for certification, was referred to FW&M. Current law makes it permissible as to whether such certification is obtained.

After completing the calendar, Rep. Patton introduced Pam Gardner of the First Tennessee Human Resource Agency. Ms. Gardner gave a presentation on adult day care services as an alternative to institutional care.

Mental Health Subcommittee

The **Mental Health Subcommittee** had one bill on calendar Tuesday afternoon. **HB 1158** by Rep. Coleman, which defines *psychiatrist* as a physician who has completed a residency in psychiatry and whose practice is primarily limited to psychiatry, was referred to full committee. This bill also authorizes a community mental health center to employ a psychiatrist and requires a written contract, job description, or documentation that allows the psychiatrist to use independent medical judgment in diagnosing and treating patients.

Professional Occupations Subcommittee

On Wednesday morning, the **Professional Occupations Subcommittee** met to consider four bills. **HB 0678** by Rep. Shaw as amended was referred to full committee. **HB 0678** allows a physician serving as a U. S. Public Health Service Commissioned Officer who is trained as a National Health Service Corps Ready Responder to practice medicine at federally qualified health centers while pursuing licensure to practice medicine in Tennessee. The amendment makes the authority granted by this bill conditional on the physician applying for licensure, submitting written documentation to the Board that the physician's licenses are unencumbered, complying with Board rules governing the application process, and ceasing to practice until a license is subsequently granted should the initial application be closed. **HB 1769** by Rep. Shepard, which allows psychological examiners and senior psychological examiners to practice psychotherapy behavior analysis techniques, was referred to full committee. **HB 1069** by Rep. Godsey, which allows an EMT-P to be licensed as an EMT by submitting an application to the

EMS Board and completing any training the Board deems necessary, was referred to full committee. The remaining bill on calendar, **HB 1638** by Rep. West, was taken off notice.

Public Health & Family Assistance

The **Public Health & Family Assistance Subcommittee** met Wednesday morning with four bills on notice. **HB 1404** by Rep. Davis was taken off notice. Rep. Armstrong rolled **HB 2042** one week for members to review a proposed amendment. The amendment rewrites the bill to include third party payors or health insurance entities regulated by the Department of Commerce and Insurance and self-insured entities as entities authorized to share information regarding a child's immunization record. **HB 0442** by Rep. Bowers was rolled one week at the request of the sponsor. **HB 0669** by Rep. M. Turner concerning wheelchairs was rolled one week for distribution and review of a new amendment.

Health Care Facilities Subcommittee

The **Health Care Facilities Subcommittee** met at noon on Wednesday with four bills on calendar. Rep. L. DeBerry rolled **HB 1087** concerning CON requirements one week. The remaining three bills were referred to full committee. **HB 1383** by Rep. Overbey requires hospitals to submit a complete and accurate joint annual report to the Department of Health in a timely manner. Hospitals failing to comply with reporting requirements would receive a deficiency from the Department. **HB 0544** by Rep. Ferguson would prohibit a person terminated from employment with a nursing home or nursing home management company from participating in a survey of those facilities by the Department of Health. This bill also requires disclosure of previous employment with a nursing home or nursing home management company prior to working as a surveyor for the Department. **HB 0264** by Rep. Shepard as amended authorizes a sole practice therapist (physical, occupational or speech therapy) to provide in-home services without being licensed as a home health service when such services are within the scope of the therapist's license and incidental to services provided by the therapist in the office.

Judiciary

Paige Edwards

Criminal Procedure & Practice Subcommittee

On Tuesday, the **Criminal Procedure & Practice Subcommittee** met to consider seven bills. HB 192 by Representative Turner (Davidson), HB 1322 by Representative Sontany, HB 1323 by Representative Sontany, and HB 1786 by Representative Wood were taken off notice. HB 441 by Representative Bowers was rolled for one week.

The following two bills were sent to the full committee:

- **HB 584** by Representative Shepard moves gamma hydroxybutyric acid from a Schedule IV controlled substance to a Schedule I controlled substance. This statutory change would increase the offense for the manufacture, sale, delivery or possession with intent to a Class B felony. Also, this bill would make the illicit use of FDA-approved gamma hydroxybutyric acid punishable as a Class B felony. This drug is known as the date rape drug.
- **HB 760** by Representative Todd adds an enhancement factor for consideration when sentencing a defendant. The additional enhancement factor to consider involves a defendant who knowingly discharged a firearm from within a vehicle and caused bodily harm to another person.



Rep. Todd

Constitutional Protections Subcommittee

On Tuesday, the **Constitutional Protections Subcommittee** met to consider six bills. HB 1629 by Representative West, HB 561 by Representative Brooks (Shelby), HB 867 by Representative Brooks (Shelby), and HB 1040 by Representative Rinks were deferred to the handgun and firearm calendar that is scheduled for March 25 and April 1.

The following two bills were sent to the full committee:

- **HB 559** by Representative Brooks (Shelby) establishes the Tennessee Title VI compliance commission created by former Governor Sundquist through Executive Order No. 34 in August of 2002. This bill will be considered with HB 558 in the full committee. HB 558 by Representative Brooks (Shelby) authorizes a person to file a discrimination complaint under Title VI of the Civil Rights Act with the Title VI compliance commission.
- **HB 866** by Representative Brooks (Shelby) requires the highway patrol and local law enforcement agencies in Madison, Blount, Washington, Williamson, Sumner, Montgomery, Sullivan, Rutherford, Hamilton, Knox, Davidson, and Shelby counties to record information concerning any stop or detention, beginning January 1, 2004. Other counties would report this information at the discretion of local officials. The information obtained would include the number of persons stopped or detained, the personal characteristics of such persons, the nature of the stop or detention, the issuance of a citation or warrant, any arrest, and, if a search was conducted, the legal basis and type of search. The information would be submitted to the comptroller on a monthly basis, beginning no later than February 1, 2004. The comptroller would provide an annual report containing the results of the review to the governor and the general assembly.

Judicial Administration Subcommittee

On Tuesday, the **Judicial Administration Subcommittee** met to consider HB 1039 by Representative Rinks. HB 1039 transfers matters relating to probate or the administration of estates from the court clerk to the clerk and master in Hardin County. This bill was referred to the full committee.

Civil Procedure & Practice Subcommittee

On Wednesday, the **Civil Procedure & Practice Subcommittee** met to consider 50 bills. Chairman Briley began the meeting with an explanation of the purpose and intent of the ad hoc committee on tort reform. Chairman Briley explained that the ad hoc committee on tort reform is charged with the duty to review issues that relate to medical malpractice and other tort reform topics. Furthermore, Chairman Briley emphasized that bills would not be placed in the ad hoc committee and that members maintain the discretion to have their bills heard before the subcommittee. Chairman Briley noted that the ad hoc committee has identified 25 bills for review and

strongly suggested that these bills be placed off notice pending any recommendation.

These are the bills identified as subject for review by the ad hoc committee:

HB 0067 (Overbey)
HB 0439 (Bowers)
HB 0586 (Shepard)
HB 0130 (Buck)
HB 1842 (Bunch)
HB 1843 (Bunch)
HB 1454 (Overbey)
HB 1441 (Overbey)
HB 0113 (Buck)
HB 0655 (Stanley)
HB 1005 (Clem)
HB 0854 (Sargent)
HB 1356 (Curtiss)
HB 1358 (Newton)
HB 1572 (Buck)
HB 1437 (Overbey)
HB 1995 (Briley)
HB 1436 (Overbey)
HB 1058 (McCord)
HB 0977 (Bowers)
HB 1413 (Buck)
HB 1085 (DeBerry, L.)
HB 0986 (Overbey)
HB 1896 (Buck)
HB 1948 (Buck)

(25 Total Bills)

The ad hoc committee on tort reform plans to meet next week.

Most of the bills were taken off notice from the tort reform calendar. A few bills from this calendar were rolled. HB 986 by Representative Overbey, HB 1046 by Representative McCord, and HB 1057 by Representative McCord were rolled for three weeks. HB 477 by Representative Winningham and HB 1073 by Representative Godsey were rolled two weeks. HB 977 by Representative Bowers, HB 1063 by Representative Ferguson, HB 1962 by Representative Garrett, and HB 2005 by Representative McMillan were rolled for one week. HB 1762 by Representative Maddox was withdrawn.

Under the **regular subcommittee calendar**, HB 1770 by Representative Shepard and HB 1382 by Representative Overbey were taken off notice. Also, HB 451 by Representative Todd, HB 644 by Representative Maddox, HB 1846 by Representative Bunch, and HB 761 by Representative Todd were rolled for two weeks. HB 182 by Representative Turner (Davidson) was rolled for one week.

The following three bills were sent to the full committee:

- **HB 789** by Representative Fowlkes authorizes municipalities to dispose of any permanent paper records that have been photocopied, photostated, filmed, microfilmed, preserved by microphotographic process, or reproduced onto computer or removable computer media. Also, this bill provides that a municipality may adopt reasonable rules and policies relative to the making, filing, storing, exhibiting, copying, and disposal of municipal records. Representative Fowlkes emphasized that the provisions of this bill would not prevent the public from seeing the records.
- **HB 1699** by Representative Odom, as amended, authorizes licensed chiropractors and physicians to purchase shares in a professional corporation and be members of LLCs. Radiologists, pathologists, and anesthesiologists would not be authorized to purchase shares in a professional corporation or be members of a LLC.
- **HB 799** by Representative Patton increases the fines for certain offenses that are earmarked for the traumatic brain injury fund. Fines for speeding offenses are increased from \$2.00 to \$5.00. Fines for reckless driving offenses are increased from \$25.00 to \$30.00. Fines for driving on a cancelled, suspended, or revoked license and for DUI are increased from \$10.00 to \$15.00.

The Full Committee

On Wednesday, the **Full Judiciary Committee** met to



Chairman Fowlkes

consider 14 bills. HB 642 by Representative Maddox was taken off notice. HB 1318 by Representative Turner (Hamilton) and HB 558 by Representative Brooks (Shelby) were rolled for one week.

The following ten bills were sent to **Calendar & Rules**:

- **HB 572** by Representative Fowlkes, as amended, imposes a moratorium on the creation of new municipal courts with concurrent general sessions court jurisdiction by the general assembly or home

rule municipalities. The moratorium will be in effect during the first session of the 103rd General Assembly, and any legislation on the subject matter of municipal courts with concurrent general sessions court jurisdiction could be considered and enacted during the second session of the 103rd General Assembly.

- **HB 1314** by Representative Turner (Hamilton) clarifies that a person, who applies to work or volunteer with children, may be required to submit a criminal history record check that would be conducted by the TBI and the FBI. The organization or employer would pay any costs incurred by the TBI and FBI for conducting the investigation. This bill has been introduced in order to place Tennessee in compliance with federal law.
- **HB 1315** by Representative Turner (Hamilton) clarifies that a person, who applies to work or volunteer with children, may be required to supply fingerprint samples to the TBI and the FBI. Also, the fingerprint samples would be submitted to the department of children's services if a criminal record exists. Likewise, this bill has been introduced in order to place Tennessee in compliance with federal law.
- **HB 1319** by Representative Turner (Hamilton) states that a person, who applies to work or volunteer with a home care organization may be required to supply fingerprint samples and submit a criminal history records check to be conducted by the TBI and the FBI. The home care organization requesting the investigation and information would pay any costs incurred by the TBI and the FBI.
- **HB 865** by Representative Brooks (Shelby) prohibits a registered sex offender from working or residing within 1,000 feet of a school or daycare center. Also, this bill prohibits a registered sex offender from residing within 1,000 feet of a victim or minor. A violation under the provisions of this bill would be punishable as a Class A misdemeanor.
- **HB 472** by Representative Fowlkes clarifies that a copy of all expungement orders, including orders issued as a result of the successful completion of a pretrial diversion program, must be sent to the TBI.
- **HB 1601** by Representative West authorizes the board of probation and parole to establish policies and procedures for probation and parole officers to carry handguns during the course of their employment. Under this bill, the officers would be required to undergo periodic TBI and FBI

background checks and successfully complete firearms training.

- **HB 1152** by Representative Overbey allows Blount, Jefferson, Loudon, and Sevier counties to appeal any accounting, decision, ruling, order, or judgment of the probate court to the court of appeals rather than a general jurisdiction trial court.
- **HB 751** by Representative Buck is a housekeeping matter that removes part of a section in the code relating to service of process. This code section was not deleted last year when Public Chapter 794 (2002) was enacted.
- **HB 1262** by Representative McMillan prohibits a parent from recovering through a wrongful death action of such parent's child when certain circumstances are present. Specifically, a parent who does not exercise visitation rights or pay child support for two years (or the life of the child, whichever is less) would be barred from recovery. Under present law, a parent is permitted to recover through a wrongful death action after the arrearage is paid.

HB 64 by Representative Overbey was sent to **Finance, Ways & Means**. HB 64 expands the offense of retaliation for past action against an official to include harm or threats of harm to family members. Under this bill, a family member is defined for the purpose of this legislation. As under present law, the offense is punishable as a Class E felony.

State & Local Government

Lawrence Hall, Jr.

The Full Committee

This week in the **State and Local Government full committee**, chaired by Rep. Ulysses Jones, **HB 466**, by Rep. Overbey, was passed to Calendar and Rules. This bill will allow a person who is arrested for the illegal consumption of intoxicating liquor or beer to petition a court to expunge the record of the offense. **HB 930**, by Rep. U. Jones, will allow municipal electric systems to accept and distribute voluntary contributions for economic development or community assistance purposes. This bill was also passed to Calendar and Rules. **HB 756** by Rep. Hargrove permits county election commissions to establish a centrally located polling place for those voters that have an inactive voter registration status. This bill was passed to Calendar and Rules. **HB 540**,

by Rep. Wood, was passed to Calendar and Rules. This bill requires the fiscal review committee to review all contracts for services entered into by the executive branch of government that exceed \$100,000. **HB 1560** by, Rep. U. Jones, was passed to Calendar and Rules. This bill increases the number of required signatures of registered voters to be obtained on a nominating petition from 25 to 50.

State Government Subcommittee

The **State Government Subcommittee** convened twice this week and considered HB 001 by Rep. Newton. This bill, entitled "Tennessee Education Lottery Implementation Law," basically establishes a corporation to oversee the operations of the lottery. There were several amendments proposed and recommended for adoption during both meetings. The following amendments were recommended:

- Amendment #1, by Rep. Miller, requires a plan for minority participation to be submitted as a part of the proposal to the board for those companies seeking to implement the lottery.
- Amendment #2, by Rep. Miller, creates an Advisory Council on minority business participation composed of nine (9) citizens.
- Amendment #5, by Rep. Bunch, prohibits state elected officials, employees of executive, legislative or judicial branches of government, an officer or director of a vendor, or an immediate family member of any such person from serving as a director of the lottery board.
- Amendment #6, by Rep. Bunch, prohibits the corporation from purchasing securities from or through a director of the corporation, any person who holds an elected state public office, an officer or director of a vendor, or any person who is an immediate family member of such persons or officials.
- Amendment #8, by Rep. Tindell, creates a "lottery for education account" in which to deposit lottery revenues for at least one year prior to awarding scholarships. This amendment further requires the lottery corporation to make tickets available for purchase no later than January 15, 2004.

Local Government Subcommittee

The **Local Government Subcommittee** passed **HB 1951** by Rep. McMillan to full committee. This bill allows certain municipalities that operate an electric plant, to create a pilot project that will provide cable service within the county where the municipality is located. **HB 1636**, by Rep. West, was also passed to full committee. This bill requires municipalities to deduct membership dues for police associations if the

membership of the association is at least 50% of all employees of the municipality that qualify for membership. **HB 1783**, by Rep. Sharp, authorizes a mayor who is a member of a joint economic and community development board to designate an alternate to attend meetings in his or her absence. This bill also passed to full committee.

Elections Subcommittee

The **Elections Subcommittee** did not meet this week.

Transportation

Greg E. Adkins

The Full Committee

The **Full Transportation Committee** met March 19, 2003 and considered twelve bills. **HB 474** by Rep. Fowlkes passed to FW&M as amended. The amended bill names the "Roy Nance Manns Memorial Bridge" in Marshal County. The amendment will allow the state to pay for the bridge signs since Mr. Manns was killed in the line of duty. **HB 519** by Rep. Turner, L. passed to FW&M. The bill authorizes the issuance of Prince Hall Masons specialty earmarked license plates. **HB 1177** by Rep. Montgomery was rolled one week. The bill designates the Tennessee Aviation Hall of Fame and affiliated Tennessee Museum of Aviation as the official state repository and archive for aviation history. **HB 661** by Rep. Brooks (Knox) passed to FW&M. The bill authorizes the issuance of Alpha Delta Pi Sorority new specialty earmarked license plates. **HB 802** by Rep. Head passed to C&R. The bill clarifies the circumstances when a driver is required to stop at a railroad crossing. **HB 1023** by Rep. Fowlkes passed to FW&M. The bill requires a motorist to move to the opposite lane of a four-lane highway or more, if safe, when approaching a vehicle with emergency lights on. **HB 1640** by Rep. West passed to C&R as amended. The amended bill would require funeral procession escort services to be licensed as a security guard. The bill doesn't apply to funeral homes. **HB 670** by Rep. Turner, M. passed to C&R. The bill requires passenger contract carrier drivers to keep a current log book of hours driven in the van to show to passengers and/or law enforcement when asked. The bill also designates a Class C misdemeanor for failure to comply with the new law. **HB 804** by Rep. Head passed to C&R. The bill deletes two obsolete railroad sections out of the TCA. **HB 948** by Rep. Tidwell passed to FW&M. The bill is

a highway sign bill for "Trooper Kent Montgomery Memorial Highway." **HB 1980** by Rep. Head passed to FW&M. The bill authorizes issuance of a new specialty earmarked license plate to promote breast cancer awareness. **HB 1633** by Rep. West passed to FW&M; the bill authorizes the issuance of "The Hermitage" new specialty earmarked license plate.

Public Safety & Rural Roads Subcommittee

The **Public Safety & Rural Roads Subcommittee** met on March 18, 2003 and considered four bills. **HB 564** by Rep. Brooks (Shelby) was rolled one week; the bill prohibits a motorist from using a handheld cell phone while driving, but allows a hands free cell phone to be used. The bill also creates rebuttable presumption that the cell phone usage caused or contributed to an accident. **HB 1487** by Rep. Rowland passed to full committee; the bill clarifies that an out of state learner's permit is acceptable to get an intermediate driver license in Tennessee if all the state requirements are met.

HB 1819 by Rep. Johnson, P. passed to full committee as amended. The amended bill would allow the use of continuously flashing brake light systems on motorcycles for up to five seconds after the brakes were applied. **HB 719** by Rep. Pinion passed to full committee as amended. The amended bill would clarify that a motorist would get a traffic ticket at any time when speeding within a highway construction zone. Under current law, a motorist can only be fined when workers are present. The amendment recommends TDOT come up with new ideas to reduce the speed of motorists traveling in highway construction zones.

Public Transportation & Highways Subcommittee

The **Public Transportation and Highways Subcommittee** met on March 19, 2003 and considered seven bills.

The following highway sign bills passed to full committee:

1. **HB 1029** by Rep. Rinks--"Jesse Glyne Brasher" sign.
2. **HB 1280** by Rep. Borchert--"L. Don Ridgeway By-Pass" sign.
3. **HB 1763** by Rep. Litz--"Merchants/Green Boulevard" sign.

The following license plate bills were passed to full committee:

1. **HB 1685** by Rep. Montgomery--"TN Voluntary Firefighters" plate.

2. **HB 1946** by Rep. Hargrove--"NASCAR" plate.

HB 1373 by Rep. Sharp passed to full committee. The bill limits specific service sign categories to *fuel and food* at Exit 1 on I-75 in Hamilton County. **HB 1486** by Rep. Rowland was rolled one week; the bill authorizes the specialty "Girl Scouts" license plate.

Summaries of Budget Hearings on the Next Page...

The Budget Hearings



Labor and Workforce Development

Shannon Romain

Research Analyst, Consumer and Employee Affairs

On March 12, 2003 the Department of Labor and Workforce Development testified during the budget hearings before the Finance, Ways and Means Committee. Commissioner James Neeley briefed members on the various components of the Department's budget for FY 2003-04 and the Bredezen Administration's proposed 9% cuts.

Total Recommended Budget FY 2003-04: \$202,056,000
\$ 23,056,000 (State Dollars)

Total Proposed Base Adjustments for FY 2003-04: \$1,430,951 (Please refer to the following graph for a description of proposed adjustments).

Positions affected: To date, 13 positions have been eliminated in order to achieve the mandated budget reductions. All employees affected have been re-assigned to other positions within the department. (Please refer to the following graph for a description of the positions affected).

Proposed Base Adjustments

Program Name	Impact	Funding Saved	Positions Affected
Case Management. Activity Tracking (CMAT)	Transfers/ distributes operations costs to Federal programs benefiting from the system.	\$780,300	0
Office of the Commissioner	Reduces support staff for the Commissioner's office. Reduction leaves no flexibility in the administrative staff.	\$410,449	8
Fiscal & Administrative Services	Increases responsibility for current staff. Reduces flexibility for staff cross-training. Potential retention issues - 46% of staff will be eligible for retirement within next 5 years. Additional impact anticipated in the event changes in federal requirements or state policies require increased workloads.	\$197,455	4
Information Systems Management	Loss of this position will adversely impact takeover of CMAT on July 1,2003.	\$42,747	1

Labor & Workforce Development, cont.

Accountability Issues

In 2002, the previous administration identified inappropriate time charges by contractors with the department and reported the discrepancies to the Comptroller's Office. The current administration has committed to doing everything necessary to implement policies that will prevent reoccurrence of such activity.

General Discussion

The members of the committee discussed the impact of the Jobs Skills Program. The purpose of the Jobs Skills Program is to enhance employment opportunities and to meet the needs of existing and new industries in this state. The program is designed to give priority to the creation and retention of high wage jobs as well as focus on employers in industries that promote high-skill, high-wage jobs in high-technology areas, emerging occupations or skilled manufacturing jobs. Funding of the Jobs Skill Program is tied to the balance in the unemployment trust fund. Employers pay a jobs skill fee of 0.15 percent of the employer's wages if the unemployment trust fund is in excess of \$750 million. If the fund drops below \$750 million, funding is put on hold. According to Commissioner Neeley, the trust fund balance is approximately \$475 to \$550 million. Unemployment continues to climb and no one is sure when the overall economy will pick-up and the balance reach \$750 million again.

Financial Institutions

Cathy Higgins

Research Analyst, Finance, Ways & Means

(Presented Wednesday, March 12, 2003)

Commissioner Kevin Lavender presented the department's budget request to the full committee. The budget request for FY 2003-04 is a no growth budget of \$9,061,400. The Department has 112 authorized positions of which 12 are vacant. Financial Institutions is self-funded with revenues from the financial institutions regulated by the department. These include state-chartered banks, state-chartered credit unions, business and industrial development corporations, check-cashing, trust companies, etc.

The Governor's 9% reduction proposal did not include this department because it is funded from a dedicated revenue source and any reduction would not have a positive impact to the general fund. However, the Commissioner did advise that the Department contributed in reverting dollars to the general fund in the amount of \$450,000 in fiscal year 2001-02, and projects that there will be a reversion for fiscal year 2002-03 of approximately \$200,000. However, the Commissioner wanted all members to know that the expenditures of the department are being re-examined to eliminate any excessive costs. In particular, the department is reviewing out-of-state travel, publications, industry-affiliated memberships and position redundancy.

The Commissioner also advised the members that the department has established a consumer affairs division to educate the public on the practice of predatory lending.

State Museum

Cathy Higgins

Research Analyst, Finance, Ways & Means

(Presented Wednesday, March 12, 2003)

Director Lois Riggins-Ezzell presented the State Museum's budget for fiscal year 2003-04. Ms. Riggins stated that this museum is the only one owned and operated by the State.

The Museum's total budget request for fiscal year 2003-04 is \$2,332,900 and reflects a 9% reduction of \$225,800. Reductions include the elimination of two positions in public programs. Ms. Riggins noted that these positions are filled. Reductions were also made in the area of artifact conservation and artifact collection expenses. The remaining reductions involve general operating, printing/advertisement, and supplies expenses.

Members of the committee discussed the procurement of security services for the Museum. Currently, the museum has two multi-year contracts for security totaling over \$381,000. One contract provides the 24-hours/7-days-a-week manpower, and the other contract is for the maintenance/monitoring of the integrated security system. Members of the committee want the museum staff to reevaluate the cost savings to the state of using contract services or hiring in-house security.

There was also general discussion on the overall reduction the museum has experienced in the last 10 years. Members expressed concern on the its ability to continue its main mission which is to preserve the history of Tennessee. To that end, Representative Hargrove advised members that he has a NASCAR license plate bill that will provide the museum with a dedicated source of revenue annually, if passed by the General Assembly and the prerequisite number of plates are sold.

Arts Commission

Cathy Higgins

Research Analyst, Finance, Ways & Means

(Presented Wednesday, March 12, 2003)

Executive Director Rich Boys presented the budget for the Arts Commission for fiscal year 2003-04. The Arts Commission total budget request for fiscal year 2003-04 is \$4,611,500 of which \$3,980,000 are state dollars and \$631,500 are federal dollars. The Arts Commission's budget reflects a 9% reduction of \$393,600. The savings will come from a reduction in all grant programs. Mr. Boyd assured the members that the reduction in state funds would not affect the ability to draw down federal dollars. The major source of revenue for the grants program is the revenue from the sale of specialty license plates.

The Commission awards and administers over 500 grants annually in thirteen different grant programs. The commission will ensure that the reductions will be distributed in a fair and equitable manner.

- No individual grant program will be eliminated.
- Every region of the state will share equally in the reduction of funds.
- The same number of grants will be awarded but in a smaller amount.

Commerce & Insurance

Matt Barnes

Research Analyst, Commerce

On March 13, 2003, Paula Flowers, Commissioner of the Department of Commerce and Insurance, presented the Department's 2003-2004 budget request to the House Finance, Ways, and Means Committee. The Department's **proposed budget totals \$79,297,700, which includes \$10,384,300 in discretionary state appropriations and \$14,616,300 in dedicated state appropriations.**

The Department's **reductions totaled \$2,391,400**, coming primarily through the abolishment of 36 positions, 13 of which are currently filled and 23 vacant. Commissioner Flowers also noted the complete closures of the Memphis, Johnson City, and Chattanooga field offices of the Insurance Division, accounting for 7 of the 13 currently filled positions being abolished.

The Department presented 2 **improvement requests totaling \$455,900**. These include:

1. Fire Prevention Division (Mandated Manufacture Housing Anchoring Inspection Program). The five requested positions and applicable funding totaling **\$250,000** will be funded by fees authorized by Acts of 2002, Public Chapter 793.
2. Emergency Communications 911 Board. The second improvement request totals **\$205,900** and involves emergency 911 service. The Emergency Communications 911 Board was created to provide Tennesseans with enhanced wireless 911 service and to assist emergency communications district boards in management, operations, and accountability. The Board operates under Federal Communications Commission mandates, which require all wireless carriers to implement wireless E-911 in two phases. The Board has almost finished implementation of Phase I, which required carriers to provide non-discriminatory access of a wireless 911 call to their network and transfer it to the nearest 911 call center or Public Safety Awareness Point.

However, the Board needs funding for implementation of Phase II, which requires the carriers to provide latitude (X coordinate) and longitude (Y coordinate) to within an accuracy of 50-300 meters, depending on the technology used, for all wireless 911 calls.



Representatives Overbey and McDaniel listen as budgets are presented.

Executive Director Anthony Haynes stressed the importance of Phase II funding by pointing out that the first agency to learn of the September 11, 2001 hijackings was the 911 service because someone broke the law and used a cell phone on a plane. Considering that fact and the fact that the Board has already been highly successful in early attempts to locate cell phones, Haynes claimed Phase II implementation is vital to the future of emergency response and must be well funded.

Environment & Conservation - TDEC*Greg E. Adkins**Research Analyst, Conservation & Environment*

The Commissioner of TDEC, Betsy Child, and staff presented the House Finance, Ways and Means Committee with its budget overview and reductions on March 13, 2003. The department has \$296.7 million total in recommended appropriated revenue for 2003/04, with \$138.5 million in state appropriation, \$73.5 million in federal appropriation and \$84.6 million in other funding. TDEC is cutting the Department overall by 9.12 percent, a total of \$5.966 million in direct general fund cuts. The Department is offsetting some of the cuts by obtaining federal grants and improvements. Commissioner Child said the Department was reviewing every private contract and initiating performance based budgeting that was required by state law in 2002.

TDEC Budget Improvements:

Air & Water Quality	\$2,607,000
Environmental Regulation	\$293,200
Water & Wastewater	\$108,700
Lead-Based Paint	\$107,600
West Tennessee Rivers	\$500,000
Total	\$3,616,500

As noted above, the majority of the funds for the improvements will come from dedicated Environmental Protection Fund fees or federal funds.

Departmental Cuts: (On this page and continued on the next page)

TDEC Dept.	Actual \$ Cut	Description of Cut
Administrative	(\$349,700)	9 positions eliminated, reduction in travel, grants, maintenance and professional services.
Conservation Admin.	(\$106,900)	2 positions eliminated, reduction in travel, printing, and grants.
Historical Comm.	(\$87,300)	Reduction in travel, grants, and publications.
Archaeology	(\$67,000)	Close east & west field offices (2 positions eliminated).
Geology	(\$189,000)	Abolish 3 positions and reduce payroll costs.
State Parks	(\$1,146,000)	Abolish 20 positions, eliminate vehicles, and reduce seasonal staff and overtime.
Natural Heritage	(\$87,800)	Abolish one position and reduce contracts.
Environmental Admin.	(\$326,900)	Abolish 2 positions and reduce travel.
Air Pollution Control	(\$441,100)	Abolish 3 positions, reduce travel and training, and increase in-kind Radon Grant.
Radiological Health	(\$79,600)	Abolish 1 position, reduce radiation surveys, and reduce travel and administration costs.
		→

Community Assoc.	(\$1,268,000)	Eliminate state appropriation in excess to match federal funds (shift 3 positions to federally paid positions).
Water Pollution Control	(\$50,000)	Reduce supplies.
Solid Waste Management	(\$438,500)	3 positions eliminated, offset cuts with Used Oil Collection Fund and Lead Based Paint Program.
Superfund	(\$65,800)	Reduce to federally required level of \$1 million.
Water Supply	(\$90,000)	Reduce payroll and reduce size of study for Interbasin transfers of water.
GroundWater	(\$164,000)	Abolish 4 positions.
West TN. River Basin	(\$80,000)	Increase the amount counties contribute to the program and reduce supplies.
Information Services	(\$84,800)	Eliminate use of one OIR contractor.
General Counsel	(\$127,500)	Abolish one position and relocate attorneys to the L&C Tower.
LAN/WAN Connection	(\$102,300)	Eliminate 150 unnecessary LAN/WAN node connections throughout all divisions.
Homeland Security	(\$499,800)	Reduce homeland security funding in all environmental areas.
Total	(\$5,852,000)	Overall 50 positions eliminated, 8 real people will be displaced.

(Note: the cuts indicated in the above chart are the total state appropriation impact to the general fund)

Tennessee Wildlife Resources Agency - TWRA

Greg E. Adkins

Research Analyst, Conservation & Environment

The Wildlife Agency director, Gary Meyers, presented the House Finance Committee with TWRA's budget and proposed Wetland fund cut on Thursday, March 13, 2003. TWRA is literally a self-funded agency. Revenues to fund the agency come from hunting and fishing licenses and permits; boat registration fees; excise taxes on arms, ammunition, bows and arrows, and fishing equipment; as well as fines for violations of wildlife, hunting and boating regulations.

TWRA Revenue Sources for the Fiscal Year 2003/04 budget:

State Appropriation (Dedicated Revenues)	\$40,243,400
Federal Revenue	\$13,243,000
Interdepartmental & Current Services	\$6,271,300
Total	\$59,757,700

Federal and state law mandates the agency operates a performance-based budget that requires a performance audit every five years. Federal and state law (Tenn. Code Ann. 70-1-401(b) and 69-10-203(b), 16 USC 777 and 16 USC 669) prohibits TWRA's funds to be captured for general appropriations for state government.

The Administration also made a decision during the budget process that agencies solely funded by dedicated fees or revenue source were not required to reduce their funding level by 9%. However, Mr. Meyers told the committee that the agency had cut its own budget three years ago by 8%.

Although TWRA is not cutting its general budget, the Administration is proposing to redirect funding from the Wetland Acquisition Fund to the general fund. Currently, \$0.0325 of the recordation tax is earmarked for the Wetlands Acquisition Fund, which TWRA uses for purchases of lands or maintenance. Currently, the agency uses \$2.7 million from this fund for maintenance.

Federal Issues - Ron Snell, National Conference of State Legislatures

Denise Sims

Research Division Director

"Federal Policy Issues Related To State Budgets"

On Tuesday, March 18th, the members heard a presentation by Ron Snell, Director of the Economics, Fiscal and Human Resources Division of the National Conference of State Legislatures (NCSL). Mr. Snell is an expert on federal policies that affect state actions - particularly budget actions.



Ron Snell, NCSL

His report was based on three areas:

- what NCSL sees as the general policy direction of the federal administration;
- issues of concern to this state and to other legislatures, including federal mandates and funding, and the administration's tax proposals and their impact on states; and
- recommendations NCSL recently made to the United States Senate Committee on Finance dealing with these issues.

General Policy Direction

Mr. Snell reported that the federal administration's goals of reducing taxes and allowing some expenditure growth will produce deficits at \$287 billion for FY '03, \$358 billion for FY '04, and \$1.2 trillion from FY '04 to '08. (These estimates, from the Congressional Budget Office, do not reflect the cost of war or reconstruction following war. They also do not take into consideration any pending tax proposals. The CBO can only project based on existing law.) These projected deficits have caused concern in Congress, and have prompted resolutions to limit spending growth, and reduce spending on entitlement programs other than Social Security. Concerns have also been expressed about the size of the tax cut proposals.

Issues Of Concern To State Legislatures

Because of this, there is *growing* concern that the part of the federal budget that delivers state aid programs will also feel pressure. Mr. Snell says NCSL's concern is that states are not burdened by tax law changes

and unfunded mandates, and that Congress keeps the "state-federal" partnership in mind. He outlined several of these state-federal requirements, and their related funding issues.

- **Election Reform.** The *Help American Vote Act of 2002* puts a number of mandates on the states including availability of voting machines to the disabled and to non-English speaking citizens. It imposes a uniform standard for legal votes, mandates training and improvements, and requires replacement of certain machines to meet federal standards. Tennessee will face a shortfall in federal funding for this act; 2003 appropriations were short of the authorized amount, meaning \$11.4 million less than authorized for this state.
- **Homeland Security.** For FY '03, appropriations include \$3.5 billion for state and local governments grants. This will not be new money for states; according to NCSL, most of this funding comes from older Department of Justice grants that have been eliminated, changed or consolidated. A similar amount has been proposed for FY '04.
- **Medicaid.** Mr. Snell says it is hard to say what effect changes in Medicaid funding for the states would have on Tennessee in that it now has TennCare. For other states, optional changes in Medicaid funding would include dividing reimbursement funding and other program payments into two lump sum allotments for acute care and long-term care, transferring a small percent between allotments, and giving greater flexibility in determining eligibility and benefits. States choosing this option would receive additional Medicaid funds for seven years. The administration has recommended that \$3.25 billion be made available for that purpose in FY '04.
- **Education.** The "Individual With Disabilities Education Act" (IDEA) has seen funding slowly increase over its 25-year history, but Mr. Snell says it is still \$11 billion-a-year short of the authorized commitment nationally. Federal funding for "No Child Left Behind," the federal government's reauthorization of the Elementary and Secondary Education Act, is \$5 billion short of its authorized amount,

Mr. Snell further outlined the administration's tax proposals and their potential impact on states. They included the elimination of double taxation of corporate dividends (this represents a problem for other states), increasing the current limit on small business expensing and indexing the higher amount for inflation, reducing marginal income tax rates scheduled for FY '04 and '06, and accelerating increases in marriage penalty relief and child tax credit. Some of these may mean costs to states to conform; other changes bear no direct cost.

NCSL's Recommendations To Congress

Mr. Snell said in addition to NCSL's testimony last month before the Senate Finance Committee, Conference officers met with White House officials this month to press the need for a federal-state partnership spurring economic and job growth. NCSL has recommended a package of relief actions, and has explained the problems that occur with unfunded federal mandates.

He concluded his remarks by asking that Tennessee legislators review S. 201, the Schumer/Snowe amendment to the budget resolution that allows one-time revenue grants totaling \$40 billion for state and locals. The amendment is a one-time appropriation to be used to offset shortfalls caused by unfunded federal mandates.